International Business Environments and Operations, 13/e

Part 6

Managing International Operations



Chapter 16

Marketing Globally

Chapter Objectives

- To understand a variety of international product policies and their appropriate circumstances
- To be aware of product alterations when deciding between standardized and differentiated marketing programs among countries
- To appreciate the pricing complexities when selling in foreign markets
- To be familiar with country differences that may necessitate alterations in promotional practices
- To comprehend the different branding strategies companies may employ internationally
- To discern effective practices and complications of international distribution
- To perceive why and how emphasis within the marketing mix may vary among countries

Marketing as a Means of Pursuing an International Strategy

OPERATING ENVIRONMENT		OPERATIONS
PHYSICAL AND SOCIAL FACTORS	→	OBJECTIVES
COMPETITIVE ENVIRONMENT	←	STRATEGY AND STRUCTURE

MEANS

Modes

Functions

- Marketing
- Global production and supply chain management
- Accounting and taxation
- Finance
- Human resources

Marketing Strategies

Overall international marketing strategies

should depend on the company's:

- Marketing orientation
- Target market

Market Orientation

- Production Orientation
- Sales Orientation
- Customer Orientation
- Strategic Marketing Orientation
- Social Marketing Orientation

Segmenting and Targeting Markets

- Three Approaches
  - By Country
  - By Global Segment
  - By Multiple Criteria
- Mass Markets versus Niche Markets

Why Firms Alter Products

- Legal Considerations
- Cultural Considerations
- Economic Considerations
- Alteration Costs
- Product Line Extent and Mix

Potential Obstacles in International Pricing

- Government intervention
- Market diversity
- Export price escalation
- Fluctuations in currency value
- Fixed versus variable pricing
- Relations with suppliers

Promotion Strategies

- The Push-Pull Mix
  - Factors in Push-Pull Decisions
- Problems in International Promotion
  - Standardization: Pros and Cons

Branding Strategies

- World Wide Brand versus Local Brand
  - Problems with Uniform Brands
    - Language
    - Brand Acquisition
    - Country-of-Origin Image
    - Generic and Near Generic Names

Distribution Strategies

Distribution reflects different country environments:

- It may vary substantially among countries.
- It is difficult to change.

Internal Handling

Distribution may be handled internally:

- When volume is high
- When companies have sufficient resources
- When there is a need to deal directly with the customer because of the nature of the product
- When the customer is global
- When the distribution form is a competitive advantage

Qualifying Distributors

Some evaluation criteria for distributors include their:

- Financial capability
- Connections with customers
- Fit with a company’s product
- Other resources
- Trustworthiness
- Compatibility with product image

The Challenge of Getting Distribution

Distributors choose which companies and products to handle. Companies:

- May need to give incentives
- May use successful products as bait for new ones
- Must convince distributors that product and company are viable

Hidden Costs and Gains in Distribution

- Factors that contribute to cost differences among countries in distribution:
  - Infrastructure conditions
  - Number of levels in distribution system
  - Retail inefficiencies
  - Size and Operating Hour Restrictions
  - Inventory Stock-Outs

E-Commerce and the Internet

- Evidence suggests online shoppers universally have some similar characteristics:
  - Desire convenience
  - Are heavy users of e-mail and the Internet
  - Have favorable attitudes toward direct marketing and advertising
- Opportunities
- Problems

Managing the Marketing Mix

- Gap Analysis: Types of Gaps
  - Usage Gaps
  - Product Line and Distribution Gaps
  - Competitive Gaps

Future: Evolving Challenges to Segment Markets

- Disparities between “haves” and “have-nots” will increase
- Companies will have conflicting opportunities to serve both “haves” and “have-nots”
- Attitudinal differences continue to affect demand:
  - Materialism, Cosmopolitanism, and Consumer Ethnocentrism